



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

Ted Stewart
Executive Director

Lowell P. Braxton
Division Director

1594 West North Temple, Suite 1210

PO Box 145801

Salt Lake City, Utah 84114-5801

801-538-5340

801-358-3940 (Fax)

801-538-7223 (TDD)

April 15, 1998

CERTIFIED RETURN RECEIPT REQUESTED
No. P 540 714 047

Charles S. Searle
Senior Vice President
Colorado National Bank
950 Seventeenth Street
Denver, Colorado 80202

Re: Approval of Surety Reduction, Letter of Credit No. A-5380, USMX of Utah Inc./Dakota Mining Corporation, Gold Strike Mine, M/053/005, Washington County, Utah

Dear Mr. Searle:

On October 23, 1997 we sent you a letter (copy attached) authorizing a \$738,100 reduction in the amount of reclamation surety being held for the Goldstrike Mine in Washington County, Utah. As you know, your banking institution has issued a \$867,300 Letter of Credit (No. A-5380) and a \$800,000 Certificate of Deposit (No. 3 943 1039 2474) for this mining project. Our October 23, 1997 letter authorized you to reduce the Letter of Credit balance to \$129,200. We asked you to inform us how you wanted to implement this surety reduction at your earliest convenience. Over five (5) months have passed and we have not received your reply. Thus, we now request an immediate response.

We ask that you notify us within seven days of your receipt of this letter how you wish to resolve this matter. If we do not hear from you by April 24, 1998 we will assume that the existing \$867,300 LOC will remain in effect and our previous authorization of a reduction in the LOC amount by Colorado National Bank will be rescinded.

Please contact me at (801) 538-5286 if you have any questions or concerns in this regard.

Sincerely,

D. Wayne Hedberg
Permit Supervisor
Minerals Reclamation Program

vb

Attachment

cc: Larry Gore, BLM, Dixie RA
Joe G. Kircher, Dakota Mining
Mary Ann Wright, DOGM

N:\M053005.CNB

From: Larry Gore <lgore@az.b...gov>
To: NRDOMAIN.NROGM (WHEDBER...
Date: 4/22/98 1:49pm
Subject: Results of Dakota Mines/USMX of Utah Conference Call -

M/053/005

I just got back from the inspection of Goldstrike, so I will be typing up and sending a full inspection report tomorrow probably. However, the conclusion both Wayne Thomas (DEQ) and I reached is there is no emergency on the site at this time.

They have approximately 4 million gallons of storage available, and pad #2 is draining at less than 50,000 gallons per day and decreasing. With no significant precipitation, it would require over two months of draindown to fill the ponds with no pumping.

Pad #1 is draining directly to the sediment ponds in the Hamburg Pit.

Pad #2 runoff is approximately 1 - 1.5 million gallons for each inch of precipitation, so a 3 to 4 inch storm event would fill the storage capacity.

Might check with climatic data and see what the potential for storm (s) that big is this time of year.

Something to consider is the timing of operations to allow the reshaping and soiling work to be completed this fall. Doug estimates it will take about a month to construct the attenuation gallery, over 6 weeks to reshape pad #2 and another 3 to 4 weeks to resoil it. This work needs to be completed prior to the end of September, when it gets to wet to work the topsoil.

Therefore work needs to start within a month from now.

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.

Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. (Extra charge) 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to:

CHARLES S SEARLE SR VP
COLORADO NTNL BNK
950 SEVENTEENTH ST
DENVER CO 80202

4. Article Number

P 540 714 047

Type of Service:

- ☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail ☒ Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature — Address

X

6. Signature — Agent

X

7. Date of Delivery

8. Addressee's Address (ONLY if requested and fee paid)

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SENDER INSTRUCTIONS

Print your name, address and ZIP Code in the space below.

- Complete Items 1, 2, 3, and 4 on the reverse.
- Attach to front of article if space permits, otherwise affix to back of article.
- Endorse article "Return Receipt Requested" adjacent to number.



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TO



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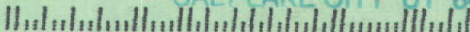
**DIVISION
OF**

OIL GAS & MINING

1594 W NORTH TEMPLE STE 1210

BOX 145801

SALT LAKE CITY UT 84114-5801



P 540 714 047

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED

NOT FOR INTERNATIONAL MAIL

(See Reverse)

☆ U.S.G.P.O. 1989-234-555

DOGM JB M/053/005

CHARLES S SEARLE SR VP

COLORADO NATIONAL BNK

950 SEVENTEENTH ST

P.O., State and ZIP Code

DENVER CO 80202

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PS Form 3800, June 1985

